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# Banking collapse

By Brian Dewhurst  
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SYDNEY, Australia — Australian authorities are investigating a suicide, \$50 million in alleged swindles and possible CIA involvement in the collapse of a bank with high-ranking U.S. former military and intelligence officials reportedly on its payroll.

Frank Nugan, 37, was found shot to death in his Mercedes-Benz near a sheep-grazing area west of Sydney in January 1980. His death, which was ruled a suicide, led to the bankruptcy of Nugan Hand Ltd., a banking concern with a number of U.S. military and intelligence officials on its staff.

Nugan was chairman of a group of companies affiliated with Nugan Hand that reportedly handled \$1 billion annually for clients.

The Wall Street Journal on Tuesday reported that when word of Nugan's death reached the group's president, retired U.S. Rear Adm. Earl Yates, he ransacked files and shredded documents. In the military, Yates had been chief of staff for plans and policy of the Pacific Command.

The Journal said Yates declined to discuss Nugan Hand when presented with information on his involvement in its operations. "You print whatever you want," he said. "I've never had any success in dealing with reporters."

After Nugan Hand collapsed, Nugan's partner, Michael John Hand, disappeared, and rumors surfaced that the company was involved in drug sales, swindling, international arms deals and money-laundering.

News reports also connected the CIA with the bank. The CIA has denied the reports.

In February, the New South Wales Corporate Affairs Commission, a government agency that monitors business practices, began inspecting evi-

dence linking Nugan Hand and former CIA director William E. Colby, who reportedly once did law business for the company.

Investigators also delivered an interim report to the Australian government dealing with Nugan Hand's alleged involvement in drug trafficking.

In June, that drug-trafficking investigation was extended by eight months to deal with allegations about the Nugan Hand banking group.

The chairman said it was likely that "in due course, criminal prosecutions will be commenced against a number of individuals named in the report for drug, conspiracy, perjury and passport offenses."

Other disclosures have linked Hand and Bernie Houghton, the bank's Saudi Arabian representative, with a secret U.S. intelligence group, identified as Task Force 157.

Investigators said in June that Edwin P. Wilson, a former CIA operative arrested in New York this year, would be able to supply information about international arms deals involving the bank. Wilson has been linked to illegal arms sales to Libya.

According to one source, Wilson met with a Nugan Hand representative in Switzerland late in 1979 to discuss a \$15 million loan.

The Journal said hundreds of investors, including many U.S. servicemen, were losers when the bank folded. Some investors lost from \$20,000 to \$100,000 or more.

To date, claims for more than \$20 million have been sent to a court-appointed liquidator in Hong Kong, which does not include claims with a second liquidator in Australia. The total shortage was estimated at \$50 million, the Journal said.